



AGENDA

PUBLIC WORKS COMMISSION CITY OF HUNTINGTON BEACH

Wednesday, July 16, 2014 – 5:00 PM

Utilities Yard

19021 Huntington Street
Huntington Beach, CA 92648

A. PLEDGE OF ALLEGIANCE

ROLL CALL

Berge, Brenden, Carr, Cook,
McGovern, Thomas

B. PRESENTATIONS-COMMENDATIONS

C. MINUTES

C-1. Minutes of June 18, 2014

D. ORAL COMMUNICATIONS

Public Comments – the Public Works Commission welcomes public comments on all items on this agenda or of community interest. **Three minutes per person**, time may not be donated to others. Commission on this date can take no action on any item not on the agenda. This is the time to address Commission regarding items of interest or agenda items other than public hearings. Communications on agenda items will be scheduled such that public comments may be received as close to 5:00 p.m. as possible.

E. DIRECTOR'S ITEMS

E-1. None

F. INFORMATION ITEMS

F-1. Upcoming City Council Study Sessions - The City Council conducts public Study Sessions on the evenings of City Council meetings, normally beginning at 4:00 p.m., in Room B-8. A tentative listing of upcoming sessions is submitted for the Commission's information.

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- F-2. Active Capital Project Report – An update on active capital projects is presented for the Commission’s information. Project information, including description, location maps and funding sources can be found in the FY 2013/14 Capital Improvement Program notebook, or on the city’s website under Government, Current [Budget](#) information.
- F-3. Infrastructure Calculation- In accordance with City Charter Section 617 Infrastructure Fund, the City budget is required to maintain expenditures for infrastructure not less than 15% of general fund revenues. The Accounting Manager will present information including calculation and methodology.

G. ADMINISTRATIVE ITEMS

- G-1. New Senior Center Project- Plans and Specifications for the New Senior Center Project, CC-1473, are in final preparation. Staff requests the recommended action to proceed with the bidding process.

Funding Source: Funds will be budgeted in the FY 14/15 CIP Budget. \$2,034,065 was budgeted in previous years with new appropriations in the FY 14/15 CIP of \$3,000,000 General Fund, \$1,465,935 Donations, and \$15,000,000 Potential Bond/Other Financing.

Recommended Action: Motion to approve that the Senior Center Project, CC-1473, is in general conformance with the approved Capital Improvement Program and the proposed FY 14/15 CIP.

- G-2. Approve Infrastructure Fund Annual Report for Fiscal Year 2013/14- The City Charter requires an annual review and performance audit of the Infrastructure Fund, and a report of the findings to the City Council. This review covers the current fiscal year (FY) 2013/14.

Funding Source: Infrastructure Fund No. 314

Recommended Action: Motion to recommend to City Council approval of the Infrastructure Fund Annual Report.

- G-3. Sewer Service Fund Performance Audit- The Huntington Beach Municipal Code (HBMC) requires an annual adjustment to the Sewer Service User Charge. The Commission’s concurrence is requested in recommending the proposed charge for City Council approval.

Funding Source: Estimated Service User Charge revenue for Fiscal Year 2014/15 is \$10,416,000.

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Recommended Action: Motion to recommend to City Council the programmed increase to the Sewer Service User Charge be suspended for Fiscal Year 2014/15.

- G-4. FY 2014/15 Capital Improvement Program- The proposed FY 2014/15 Capital Improvement Program (CIP) is presented for approval.

Funding Source: As indicated in the CIP detail sheets.

Recommended Action: Motion to recommend to the City Council the Fiscal Year 2014/15 Capital Improvement Program.

- H. WRITTEN COMMUNICATIONS
- I. COMMISSION AND STAFF COMMENTS
- J. ADJOURNMENT

NEXT PUBLIC WORKS COMMISSION MEETING <i>August 20, 2014, 5:00 PM, Utilities Yard</i>
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MINUTES

CITY OF HUNTINGTON BEACH PUBLIC WORKS COMMISSION JUNE 18, 2014

**Call to Order/
Pledge of Allegiance:** The meeting was called to order at 3:02 p.m. by Chairperson Brenden, who led Commissioners and the audience in the Pledge of Allegiance to the Flag.

Commissioners Absent: Berge

Commissioners Present: Commissioners McGovern, Brenden, Carr, Cook, and Thomas were in attendance.

Others Present: Travis Hopkins, Director of Public Works
Tom Herbel, City Engineer
Bob Stachelski, Transportation Manager
Brian Ragland, Utilities Manager
Ken Dills, Project Manager
Todd Broussard, Principal Civil Engineer
Kirsty Wapner, Administrative Assistant

- B.** 3:00 PM – MEET AT UTILITIES YARD. DRIVE THROUGH ARTERIAL REHAB (INDIANAPOLIS)
RECESS MEETING TO 3:20 PM AT SHIELDS PUMP STATION (Shields Drive)
- 3:20 PM – RECONVENE MEETING AT SHIELDS PUMP STATION (Shields Drive)
RECESS MEETING TO 3:40 PM AT LIFT STATION D
- 3:50 PM – RECONVENE MEETING AT LIFT STATION D
RECESS MEETING TO 4:15 PM AT WAGS
- 4:20 PM – RECONVENE MEETING AT WAGS
RECESS MEETING TO 5:00 PM AT UTILITIES YARD, 19021 HUNTINGTON STREET
- 5:00 PM – RECONVENE REGULAR MEETING FOR BUSINESS AT THE UTILITIES YARD

C. PRESENTATIONS-COMMENDATIONS

None

D. MINUTES

- D-1. Motion by Commissioner Thomas, seconded by Commissioner McGovern to approve the minutes of May 21, 2014 as presented.

VOTE: The motion carried.

AYES: 5

NOES: 0

ABSENT: 1 (Berge)

ABSTENTIONS: 0

E. ORAL COMMUNICATIONS

None.

F. DIRECTOR'S ITEMS

Travis Hopkins reported the CIP would be presented to the Public Works Commissioners at this meeting and at Study Session in August. The 15% calculation and infrastructure fund discussion will be brought to the PWC in July.

G. INFORMATION ITEMS

- G-1. Upcoming City Council Study Sessions – Travis Hopkins presented the schedule of upcoming City Council Study Sessions. The Bolsa Chica Annexation, City-owned street light upgrades, and VHB bid proposal are all being presented at the July 7 Study Session. The FY 14/15 proposed budget is being presented July 21. The CIP is being presented at the August 4 Study Session. The General Plan update vision will be presented at the August 18 Study Session.

- G-2. Active Capital Project Report – Tom Herbel provided updates on the capital project report. He noted the Brookhurst/ Indianapolis project took 6 months and cost \$1 million. Atlanta Avenue Widening- currently in right of way acquisition process. Construction should begin mid next year. Arterial Rehab- construction will start soon on Argosy then Yorktown. Residential Pavement Rehab Zone 11- it was awarded on Monday and construction should begin soon. Pier Piling Inspection- done now. Warner Ave Gravity Sewer main and Lift Station C- PWC visited this site today. The contractor should be off of PCH by 2nd week in July. Algonquin/Boardwalk Lift Station is complete. Beach Blvd Sewer Replacement- All work is done on Beach and contractor is now doing work on Ellis. Water Main Replacement at Sunset Beach- paving final alleys.

H. ADMINISTRATIVE ITEMS

- H-1. FY 2014/2015 Capital Improvement Program- Todd Broussard presented a PowerPoint on the FY 14/15 CIP projects and funding sources. PowerPoint is attached to these meeting minutes. It was noted that each department submits a wish list. Administration then makes the determination as to which is to be a priority. Last year's CIP budget was \$28 million, including \$1.5 million for Senior Center. This year's CIP budget is \$43.3 million, with \$20 million included for the Senior Center. Commissioner Carr inquired about staff who seek out grants. There are lobbyists but no specific City staff person in Public Works. Staff work together for grants. Staff have numerous ties for grants and actively pursue grants. Chair Brenden asked for the grants and other funds column on the spreadsheet. Mr. Hopkins suggested a "brag" sheet for grant funding. Tom Herbel stated that an unfunded list is maintained, which includes items from the previous year that have been rolled over to following year if they didn't make the list. Mr. Hopkins stated that recommendations from the PWC will be sent to City Council. It was suggested to have a member of the PWC involved from the start of the CIP budget to better understand the process. The unfunded list and the 15% calculation from last year will be provided to the PWC.

Motion by Commissioner Brenden, seconded by Commissioner Cook to continue this item to the July Public Works Commission meeting.

VOTE: The motion carried.

AYES: 5

NOES: 0

ABSENT: 1 (Berge)

ABSTENTIONS: 0

I. WRITTEN COMMUNICATIONS

Commissioners received written correspondence from Metro Builders regarding Algonquin Lift Station, but Mr. Hopkins noted this may have been inadvertently mailed to their attention. The matter in which the mail refers to, is out of the scope of the Public Works Commission.

J. COMMISSION AND STAFF COMMENTS

Commissioner Cook handed out Public Energy Art Kit newsletters.

Commissioner Brenden reported he will be absent for the July meeting.

K. ADJOURNMENT

The meeting adjourned at 6:30 PM to July 16, 2014 at 5:00 PM at the Utilities Yard.

Pat Brenden
Chairperson

Kirsty Wapner
Administrative Assistant

CITY OF HUNTINGTON BEACH PUBLIC WORKS DEPARTMENT



FY 2014/2015 CAPITAL IMPROVEMENT PROGRAM (CIP)



1

13/14 MAJOR ACCOMPLISHMENTS



OVER \$25M IN INFRASTRUCTURE IMPROVEMENTS

- \$1M Emergency Sewer Siphon Repair
(Brookhurst/Indianapolis)



- National Public Works Week Open House



2

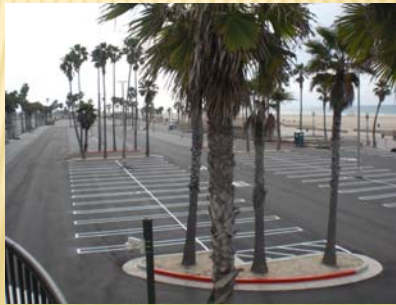
13/14 MAJOR ACCOMPLISHMENTS



Algonquin Lift Station



Beach Parking Lot Rehabilitation

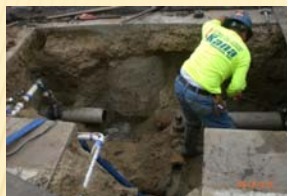


3

13/14 MAJOR ACCOMPLISHMENTS



➤ Sunset Beach Watermain Improvements



➤ Beach Boulevard Sewer Replacement



➤ Projects Under Construction:

- Arterial Rehabilitation
- Residential Overlay and Tree Petition

4

CAPITAL IMPROVEMENT PROGRAM



- Budget
 - New Appropriations: \$43.3M
 - Continuing Appropriations: \$9.3M
 - Total \$52.6M
- Funding sources include:
 - General Fund
 - Enterprise Funds (*Water and Sewer*)
 - Special Revenue Funds (*Measure M, Gas Tax, Prop 42, AQMD, Park*)
 - Grants (*Federal, State, & OCTA*)

5

CIP PROJECTS BY CATEGORY



- ❖ Drainage & Storm Water \$200k
- ❖ Facilities \$1.5M
- ❖ Neighborhood \$3M
- ❖ Parks and Beaches \$22.5M
- ❖ Sewer \$2.5M
- ❖ Streets & Transportation \$9.1M
- ❖ Water \$4.5M

6

FUNDING SOURCES



❖ Grants/Other	\$19.4M
❖ General Fund	\$5.3M
❖ Water Funds	\$4.5M
❖ Gas Tax	\$2.9M
❖ Sewer Funds	\$2.5M
❖ Infrastructure Fund	\$2.2M
❖ Measure M	\$2.2M
❖ Proposition 42	\$2.1M
❖ Park Funds	\$1.6M

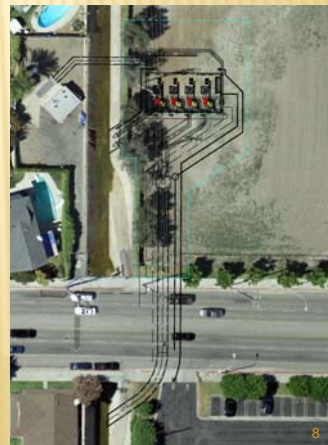
7

DRAINAGE & STORM WATER \$200K



- ❖ Heil Pump Station-\$2.5M
 - State/Federal Grant pending (Currently in FY 15/16)
- ❖ NW Catch Basin Retrofit, \$200k
 - Install Filters to treat urban runoff.

Future Heil Pump Station



8



FACILITIES \$1.5M

❖ Central Library – Materials Handling System	\$277k
❖ Central Library – Interior Renovation	\$245k
❖ Downtown Parking Structure Improvements	\$100k
❖ Facilities Needs Assessment	\$100k
❖ Fire Station 8 (Heil) Renovation	\$200k
❖ Lifeguard & Jr. Guard HQ Rollup Door Replacement	\$50k
❖ Police Gun Range Feasibility Study	30k
❖ Police Lobby Security Improvements	250k
❖ Police Lobby ADA Improvements	75k
❖ Pier Piling Maintenance	\$200k
❖ Various Roof Replacements	\$300k
❖ Lake FS, Magnolia FS, and PTL Building	

Heil Fire Station



Pier Piling Maintenance



9

NEIGHBORHOOD \$3M

❖ Concrete Replacement	\$250k
❖ Residential Streets Overlay/Slurry	\$2.1M
❖ Tree Petition Streets (<i>Angler Ln. & Palisade Dr.</i>)	\$650k

Residential Street – Before



Residential Street – After



10

PARKS AND BEACHES \$22.5M



- ❖ Arena Soccer Turf Replacement \$170k
- ❖ Central Park Underground Electrical Upgrades \$300k
- ❖ Gun Range Conceptual Plans \$50k
- ❖ Huntington Harbour Dredge Study \$40k
- ❖ Lebard Park Property Acquisition \$667k
- ❖ Senior Center \$20M
- ❖ Worthy Park Construction \$1.3M

Lebard Park



Worthy Park



11

SEWER IMPROVEMENTS \$2.45M



- ❖ Sewer Lining – Various Locations \$350k
- ❖ Sewer Lift Station Improvements \$2.1M
 - ❖ Trinidad LS Construction
 - ❖ Edgewater LS Design

Sewer Lining



Sewer Lift Station



12

STREETS & TRANSPORTATION \$9.1M



- ❖ Arterial Rehabilitation \$3.3M
 - Indianapolis, Lake, & Main
- ❖ Gothard St. and Center Ave. Rehab \$1.4M
- ❖ Atlanta Ave. Widening \$1.6M
- ❖ Bridge Rehabilitation Program \$2.3M
 - BPMP (*Magnolia, and Brookhurst*)

Arterial Rehab – Before



Arterial Rehab – After



13

STREETS & TRANSPORTATION

(CONTINUED)



- ❖ Intersection Improvements \$50k
 - Ellis/Main
- ❖ Traffic Signal Interconnect Projects \$12k
 - Newland (Warner to Ellis) (*Design*)
- ❖ Traffic Signal Projects \$369k
 - Bolsa Chica/Pearce (*Design*)
 - Main/Utica (*Design*)
 - Goldenwest/Heil (*Design*)
 - Gothard/Center (*Design*)
 - Gothard/Slater (*Design*)
 - Main/Adams (*Design*)
 - Main/Florida (*Construction*)
 - Newland/Ellis (*Design*)
 - Newland/Slater (*Design*)
- ❖ Utica Bicycle Boulevard \$75k
 - Design

14

WATER IMPROVEMENTS \$4.5M



❖ Watermain Distribution - Var. Loc.	\$800k
❖ Corrosion Control - Var. Loc.	\$100k
❖ Water Production Imp. – Var. Loc	\$450k
❖ Water Engineering Studies	\$200k
❖ Water Facilities Security	\$750k
❖ Water Main Replacement	\$1.1M
❖ Well No. 8 Irrigation Project	\$100k
❖ Well No. 9 Treatment	\$1.0M

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TIMELINE OF PROPOSED BUDGET/CIP FOR FY 2014/15



❖ Budget reviewed by City Manager	June
❖ Public Works Commission	June
❖ Final budget adjustments made	July
❖ GP Conformance by Planning Commission	August
❖ City Council Study Session	August 4
❖ Budget Public Hearing	September 1
❖ Budget can be deliberated and voted	September 1 or 15

QUESTIONS?

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~2014~ CITY COUNCIL STUDY SESSIONS & SPECIAL SESSIONS

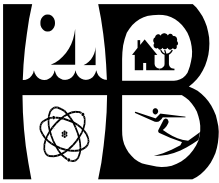
*This information is for agenda scheduling purposes only and is subject to change on a daily basis.
Subjects listed below are not guaranteed to appear on a City Council agenda.*

COUNCIL MEETING	STATUS	SUBJECT	DEPT HEAD
2014			
<i>Jan. 21, 2014</i>		<i>Bolsa Chica</i>	<i>Wilson</i>
<i>Feb. 3, 2014</i>		<i>IAB (Investment Advisory Board) Joint Study Session</i>	<i>Cutchen</i>
<i>Feb. 18, 2014</i>		<i>Street Light Update</i>	<i>Wilson</i>
<i>March 3, 2014</i>		<i>Harbor Dredging Study Results</i>	<i>Hopkins</i>
<i>March 17, 2014</i>		<i>OC Plan to End Homelessness</i>	<i>Wilson</i>
<i>April 7, 2014</i>		<i><u>PERS Actuarial Update – Bartel</u></i> <i><u>AES Visual Enhancements</u></i>	<i><u>Farrell</u></i> <i><u>Hess</u></i>
<i>April 21, 2014</i>		<i>Down Town Task Force Recommendations</i>	<i>Fritzal</i>
<i>May 5, 2014</i>		<i>New Senior Center</i>	<i>Laudenback</i>
<i>May 19, 2014</i>		<i>Mid-year Budget Update</i>	<i>Farrell</i>
<i>June 2, 2014</i>		<i>Joint meeting of the Citizen Participation Advisory Board (CPAB) and City Council to review recommendations for the 2014/2015 Action Plan for the Community Development Block Grant (CDBG) and HOME Investment Partnership Program (HOME)</i>	<i>Slifman/Fritzal</i>
<i>June 16, 2014</i>		<i>Downtown Task Force Recommendations</i>	<i>Wilson</i>
<i>July 7, 2014</i>		1. VHB Bid Proposal 2. Bolsa Chica Annexation	Fritzal Baker/Wilson
<i>July 21, 2014</i>		FY 2014/15 Proposed Budget Presentation	Farrell
<i>Aug. 4, 2014</i>		CIP	Hopkins
<i>Aug. 18, 2014</i>		General Plan Update Vision	Hess
<i>Sept. 2, 2014</i>			
<i>Sept. 15, 2014</i>			
<i>Oct. 6, 2014</i>			
<i>Oct. 20, 2014</i>			
<i>Nov. 3, 2014</i>			
<i>Nov. 17, 2014</i>			
<i>Dec. 1, 2014</i>		Mayoral Transition	
<i>Dec. 15, 2014</i>			

Infrastructure Calculation FY 2010/11 to FY 2014/15

as of 6/30/2014

in thousands	Actual FY 10/11	Actuals FY 11/12	Actuals FY 12/13	Projected FY 13/14	Proposed Budget FY 14/15	2010-2015 Total 5 Yrs	2010-2015 Avg 5 Yrs	15% of Revenue
REVENUES								
General Fund Revenues	\$ 179,400	\$ 188,704	\$ 197,877	\$ 200,374	\$ 205,710	\$ 972,064	\$ 194,413	\$ 29,162
Gas Tax Fund Transfers to General Fund	900	900	900	900	900	4,500	900	135
Interest Income from RDA Debt Svc Pmts	3,090	-	-	-	-	3,090	618	93
One Time Revenue Squirrel Case	(731)	-	-	-	-	(731)	(146)	(22)
Total General Fund Revenues Subject to Calc	\$ 182,659	\$ 189,604	\$ 198,777	\$ 201,274	\$ 206,610	\$ 978,923	\$ 195,785	\$ 29,368
EXPENDITURES								
Public Works	\$ 14,882	\$ 18,113	\$ 17,974	\$ 18,159	\$ 19,420	\$ 88,547	\$ 17,709	
Community Services	1,936	2,214	2,261	2,209	2,389	11,008	2,202	
Library Services	188	159	162	245	268	1,023	205	
Information Services	137	137	137	141	145	697	139	
General Fund Non Dept Capital Projects	35	2,050	4,620	2,618	3,000	12,323	2,465	
General Fund Infrastructure Debt	5,332	4,227	5,064	5,541	6,537	26,701	5,340	
Transfers to Infrastructure Fund	-	1,829	1,640	-	3,000	6,469	1,294	
Equipment for Infrastructure Purpose	10	1,124	2,154	1,486	2,000	6,775	1,355	
Solar Project General Fund Debt Service	1,675	-	-	-	-	1,675	335	
Total Expenditures	\$ 24,196	\$ 29,853	\$ 34,012	\$ 30,399	\$ 36,759	\$ 155,219	\$ 31,044	
Infrastructure Exp as a % of General Fund Revenues	13.2%	15.7%	17.1%	15.1%	17.8%			
5 Year Rolling Average	16.1%	15.6%	15.3%	15.1%	15.9%			
Expenditures Over (Under) 15% of Revenue								
Single Year		\$ 1,413	\$ 4,195	\$ 208	\$ 5,768			
Rolling 5 Years		\$ 5,569	\$ 2,319	\$ 1,177	\$ 8,380			



**CITY OF HUNTINGTON BEACH
PUBLIC WORKS COMMISSION
REQUEST FOR ACTION**

Item No. PW 14-16

SUBMITTED TO: Chair Brenden and Members of the Commission

SUBMITTED BY: Travis K. Hopkins, PE, Director of Public Works

DATE: July 16, 2014

SUBJECT: New Senior Center Project, CC-1473

Statement of Issue: Plans and Specifications for the New Senior Center Project, CC-1473, are in final preparation. Staff requests the recommended action to proceed with the bidding process.

Funding Source: Funds will be budgeted in the FY 14/15 CIP. \$2,034,065 was budgeted in previous years with new appropriations in the FY 14/15 CIP of \$3,000,000 General Fund, \$1,465,935 Donations, and \$15,000,000 Potential Bond/Other Financing.

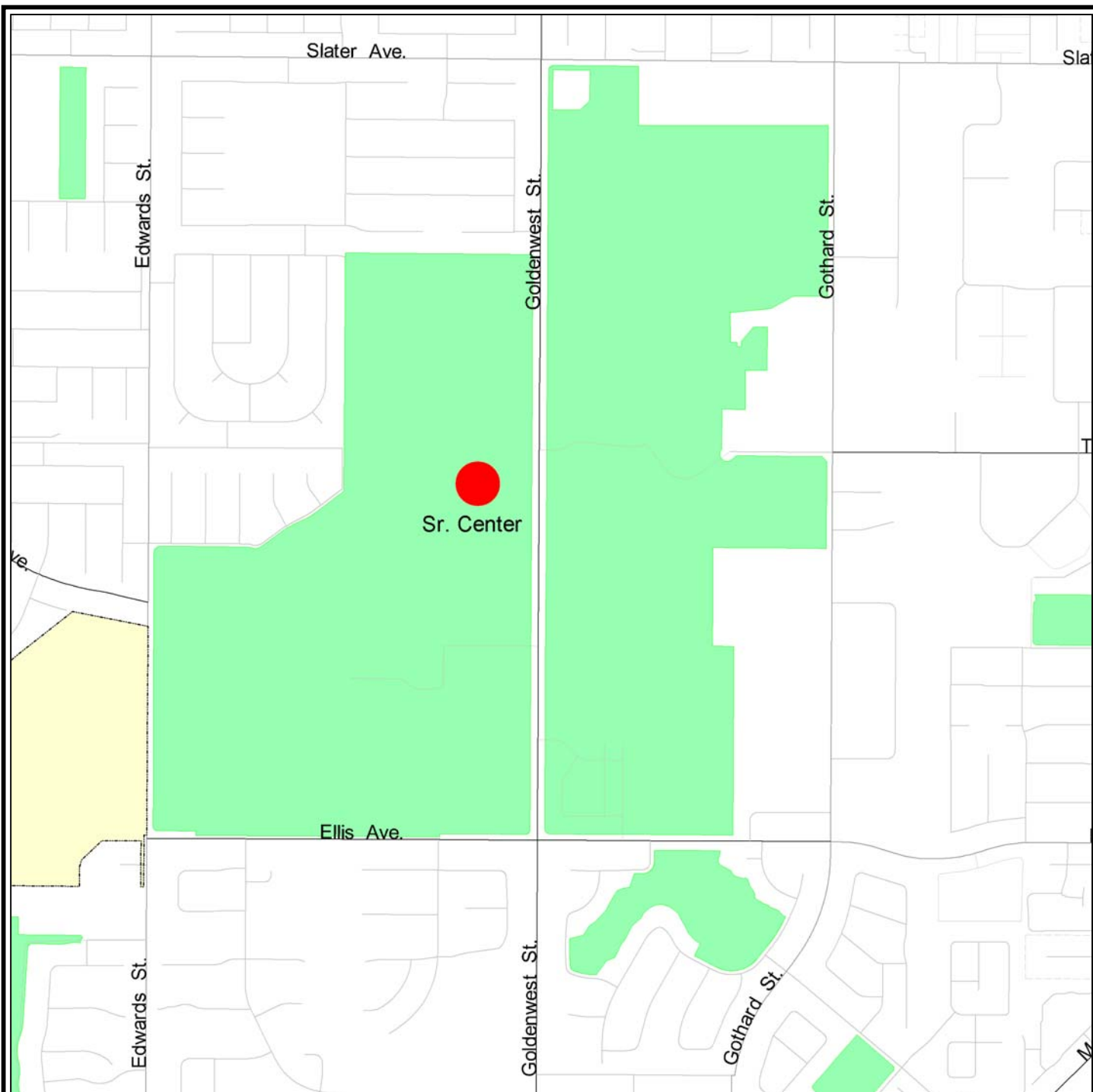
Recommended Action: Motion to approve that the Senior Center Project, CC-1473, is in general conformance with the approved Capital Improvement Program and the proposed FY 14/15 CIP.

Alternative Action(s): Deny approval and recommend an alternative action.

Analysis: In December, 2013, the City Council directed staff to prepare final construction documents and obtain bids for the construction of the New Senior Center Project. Plans are in final preparation with bid solicitation scheduled for August and award of a construction contract scheduled for October. The Project Cost Estimate for this project is \$21,500,000 including all soft and hard costs.

Attachments:

1. Location Map



LOCATION MAP

Map produced by information contained in the City of Huntington Beach Information Services Department Geographic Information System. Information warranted for City use only. Huntington Beach does not guarantee its completeness or accuracy.
Map Produced on 7/9/2014



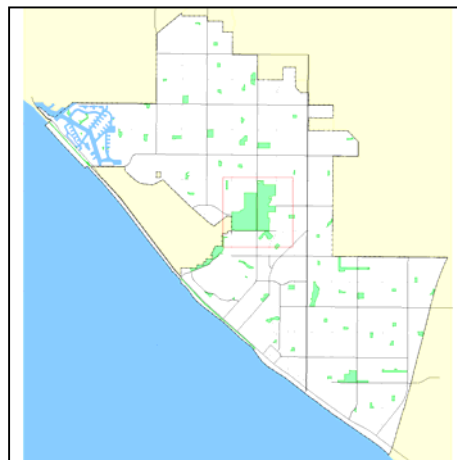
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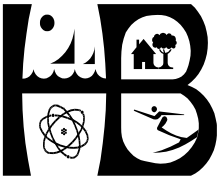
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One inch equals 989 feet

- MINOR NAMES
CITY BOUNDARY
STREET CENTERLINES (BY CLASS)
 - Squaresheet
 - Major
 - Collector
 - Primary
 - Secondary
 - Residential
 - Transitway
 - Accessway
 - Other
 ISOBATHS
 NAMEBOX
 PARKS
 PER





**CITY OF HUNTINGTON BEACH
PUBLIC WORKS COMMISSION
REQUEST FOR ACTION**

Item No. PW 14-14

SUBMITTED TO: Chairman Herbel and Members of the Commission

SUBMITTED BY: Travis K. Hopkins, PE, Director of Public Works

DATE: July 16, 2014

SUBJECT: Approve Infrastructure Fund Annual Report
for Fiscal Year 2013/14

Statement of Issue: The City Charter requires an annual review and performance audit of the Infrastructure Fund, and a report of the findings to the City Council. This review covers the current fiscal year (FY) 2013/14.

Funding Source: Infrastructure Fund No. 314

Recommended Action: Motion to recommend to City Council approval of the Infrastructure Fund Annual Report.

Alternative Action(s): Direct staff to modify the Annual Report.

Analysis: The Infrastructure Fund was established in 2002, by City Charter Section 617. "... (c) The City Council shall by ordinance establish a Citizens Infrastructure Advisory Board to conduct an annual review and performance audit of the Infrastructure Fund and report its findings to the City Council prior to adoption of the following fiscal-year budget."

The single substantial revenue source to the fund is General Fund excess fund balance per the Financial Policy adopted in Fiscal Year 2006/07. The Policy was revised beginning in Fiscal Year 2009/10 to allow for an Economic Uncertainties Reserve commitment. Excerpts addressing the Infrastructure Fund for the previous and current policies are shown in Attachment 1.

Revenue

1. The maintenance agreement for the traffic signal at Beachmont Plaza provided \$9,833.
2. Interest and market adjustments are paid in proportion to the citywide investments and fund balance.

Expenditures

Budgeted expenditures and expenditure adjustments for FY 2013/14 consisted of carry over projects from 2011/12 and new funds, including:

- \$46,750 was included in the annual CIP carry over for City Yard Building Improvements. These funds were carried over from FY 12/13 as an encumbrance and are currently being spent.
- Heil Pump Station Property Acquisition – It is anticipated that the funds will be carried forward into the new fiscal year. A Hazard Mitigation Grant that would provide \$2,250,000 in funding to complete the project is pending.
- \$1.5M was budgeted in FY 13/14 to begin work on the new Senior Center. These funds will be carried over into FY 14/15.
- The Infrastructure Fund is being used as a holding account for developer fees and expenditures related to the proposed Bella Terra Pedestrian Crossing Project. Funds in the amount of \$250,000 have been received to date. These funds are designated for this project only and any unspent funds must be returned to the developers. To begin design, \$100,000 was appropriated to an expenditure account and is projected to be spent by the end of the fiscal year.

Budgeted projects for 2014/15 include replacement of the Arena Soccer artificial turf, a portion of the Atlanta Avenue Widening Project and a \$3M General Fund transfer to the Infrastructure Fund for the Senior Center. Carryover projects include the Heil Pump Station, a portion of the 1st St. SCADA funds and the 2013/14 funds budgeted for the new Senior Center.

INFRASTRUCTURE FUND (314)
Summary Report for FY 2013/14

	Budget FY 2012/13	Total Projected Revenue and Expenditures	Projected Budget/Carry Over to FY 2014-15
Beginning Fund Balance 9/30/13		\$5,671,176	
Projected Fund Balance 9/30/2014			\$5,506,223
Revenue			
Transfer from General Fund			\$3,000,000
Hazard Mitigation Grant (pending)			\$2,250,000
Interest		\$7,500	\$15,000
Market Adjustments		\$22,414	
Developer Fees			
Maintenance Agreement - Beachmont Plaza		\$9,883	\$10,000
Total Revenue		\$39,797	\$5,275,000
Expenditures			
City Yard Building Improvements	(\$46,565)	(\$46,750)	\$0
Areal Soccer Artificial Turf Replacement			(\$170,000)
Atlanta Avenue Widening			(\$1,000,000)
Heil Pump Station Construction and Property	(\$2,352,200)	\$0	(\$2,353,000)
1st St. SCADA/Heil Pump Station Design	(\$150,000)	(\$58,000)	(\$142,000)
Bella Terra Pedestrian Crossing	(\$100,000)	(\$100,000)	
Senior Center	(\$1,500,000)	\$0	(\$4,500,000)
Total Expenditures		(\$204,750)	(\$8,165,000)
Projected Fund Balance 9/30/2014		\$5,506,223	
Projected Fund Balance 9/30/2015			\$2,616,223

Attachments:

1. Excerpts from Financial Policy adopted FY 2006/07 and 2009/10

City of Huntington Beach

Financial Policies

Adopted FY 2006/07

FINANCIAL REPORTING AND ACCOUNTING STANDARDS

- . The City's accounting system will be maintained in accordance with generally accepted accounting practices and the standards of the Government Accounting Standards Board and the Government Finance Officers Association.
- . The annual financial report will be prepared within six months of the close of the previous fiscal year. The City will use generally accepted accounting principles in preparing the annual financial statements and will attempt to qualify for the Government Finance Officers Association's Excellence in Financial Reporting Program.
- . The City will strive for an unqualified audit opinion. An unqualified opinion is rendered without reservation by the independent auditor that financial statements are fairly presented.
- . The City will contract for an annual audit by a qualified independent certified public accounting firm. The independent audit firm will be selected through a competitive process at least once every five years. The contract period will be for an initial period of three years, with two one-year options.

BUDGETING

- . The budget will be prepared consistent with the standards developed by the Government Finance Officers Association and California Society of Municipal Finance Officers. In addition, a summary version will be provided to the public in a user-friendly format.
- . The City will maintain a balanced operating budget for all funds with estimated revenues being equal to, or greater than, estimated expenditures, and with periodic City Council reviews and necessary adjustments to maintain balance.
- . On-going revenues will support on-going expenditures. Revenues from one-time or limited duration sources will not be used to balance the annual operating budget.
- . Support function appropriations will be placed in the department in which they are managed.

GENERAL FUND BALANCE

- . The General Fund reserve (designation) will be a minimum of seven percent of the General Fund budget. In addition, a second tier reserve will consist of the net accumulation of amounts that were in excess of the seven percent reserve (designation) and remained in the General Fund after application of the financial policy that immediately follows. This second tier reserve will be used to balance budget fluctuations.
- . Allocation of the audited General Fund balance in excess of the above reserves (designations) may be as follows:
 - . 25 percent for capital projects (transferred to the Capital Improvement Reserve)
 - . 25 percent for Infrastructure (transferred to the Infrastructure Fund)
 - . 50 percent to increase the 2nd tier reserve
- . All supplemental appropriations from the General Fund minimum reserve that cannot otherwise be funded during the current fiscal year operating budget must meet one of the three following criteria:
 - . It is an unanticipated emergency.
 - . It is required to implement a Memoranda of Understanding (MOU) or a mandate.
 - . It is a new expense that is offset by related revenues.



**City of Huntington Beach
Financial Policies
Adopted Budget – FY 2009/10**



FINANCIAL REPORTING AND ACCOUNTING STANDARDS

- ❑ The City's accounting system will be maintained in accordance with generally accepted accounting practices and the standards of the Government Accounting Standards Board (GASB) and the Government Finance Officers Association (GFOA).
- ❑ The annual financial report will be prepared within six months of the close of the previous fiscal year. The City will use generally accepted accounting principles in preparing the annual financial statements and will attempt to qualify for the Government Finance Officers Association's Excellence in Financial Reporting Program.
- ❑ The City will strive for an unqualified audit opinion. An unqualified opinion is rendered without reservation by the independent auditor that financial statements are fairly presented.
- ❑ The City will contract for an annual audit by a qualified independent certified public accounting firm. The independent audit firm will be selected through a competitive process at least once every five years. The contract period will be for an initial period of three years, with two one-year options.

BUDGETING

- ❑ The budget will be prepared consistent with the standards developed by the Government Finance Officers Association and California Society of Municipal Finance Officers (CSMFO). In addition, a summary version will be provided to the public in a user-friendly format.
- ❑ The City will maintain a balanced operating budget for all funds with estimated revenues being equal to, or greater than, estimated expenditures, and with periodic City Council reviews and necessary adjustments to maintain balance.
- ❑ On-going revenues will support on-going expenditures. Revenues from one-time or limited duration sources will not be used to balance the annual operating budget.
- ❑ Support function appropriations will be placed in the department in which they are managed.

GENERAL FUND BALANCE

- ❑ There will be an established Economic Uncertainties Reserve commitment in the General Fund. The goal is to have an Economic Uncertainties Reserve commitment equal to the value of two months of the General Fund expenditure adopted budget amount.
- ❑ Once established, appropriations from the Economic Uncertainties Reserve commitment can only be made by formal City Council action. Generally, appropriations and access to these funds will be reserved for emergency situations. Examples of such emergencies include, but are not limited to:
 - An unplanned, major event such as a catastrophic disaster requiring expenditures over 5% of the General Fund adopted budget
 - Budgeted revenue taken by another government entity
 - Drop in projected/actual revenue of more than 5% of the General Fund adopted revenue budget
- ❑ Should the Economic Uncertainties Reserve commitment be used, and its level falls below the minimum amount of two months of General Fund expenditures adopted budget, the goal is to replenish the fund within three fiscal years.



**City of Huntington Beach
Financial Policies
Adopted Budget – FY 2009/10**



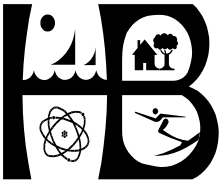
- Allocation of the audited General Fund unassigned fund balance will be done as follows if, and until, the Economic Uncertainties Reserve commitment is fully funded (i.e., two months of General Fund expenditures):
 - 50% to Economic Uncertainties Reserve commitment
 - 25% for Infrastructure Fund
 - 25% to Capital Improvement Reserve (CIR) commitment
- Once the Economic Uncertainties Reserve commitment attains full funding, unassigned fund balance will be divided as follows:
 - 25% for Infrastructure Fund
 - 25% to Capital Improvement Reserve (CIR) commitment
 - 50% to Equipment Replacement commitment
- Any unanticipated and unrestricted revenues received during the fiscal year will be added to the fund balance of the General Fund.

FUND BALANCE CLASSIFICATION

- The City's fund balance is made up of the following components:
 - Nonspendable fund balance typically includes inventories, prepaid items, and other items that, by definition cannot be appropriated.
 - The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
 - The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City Council. The City Council has authority to establish, modify, or rescind a fund balance commitment.
 - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. The City Administrator or designee has the authority to establish, modify, or rescind a fund balance assignment.
 - Unassigned fund balance is the residual classification for the City's funds and includes all spendable amounts not contained in the other classifications.
- The City considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available.
- The City's committed, assigned, or unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

APPROPRIATION AUTHORITY

- The City Council is the appropriation authority for the City Budget. As required by state law, appropriations expire at the end of each fiscal year.



**CITY OF HUNTINGTON BEACH
PUBLIC WORKS COMMISSION
REQUEST FOR ACTION**

Item No. PW-14-15

SUBMITTED TO: Chairman Brenden and Members of the Commission

SUBMITTED BY: Travis K. Hopkins, PE, Director of Public Works

DATE: July 16, 2014

SUBJECT: Sewer Service User Charge Adjustment for Fiscal Year 2014/15

Statement of Issue: The Huntington Beach Municipal Code (HBMC) requires an annual adjustment to the Sewer Service User Charge. The Commission's concurrence is requested in recommending the proposed charge for City Council approval.

Funding Source: Estimated Service User Charge revenue for Fiscal Year 2014/15 is \$10,416,000.

Impact on Future Maintenance Costs: Funds collected through the Sewer Service User Charge are used to fund the maintenance, operations and capital needs of the sanitary sewer system. This action would provide the same funding and service level as Fiscal Year 2013/14.

Recommended Action: Motion to recommend to City Council the programmed increase to the Sewer Service User Charge be suspended for Fiscal Year 2014/15.

Alternative Action(s): Motion to recommend that the City Council adopt a Sewer Service User Charge adjustment of 1.7 percent in accordance with HBMC Section 14.55.030.

Analysis: In accordance with Section 14.55.030 Annual CPIU Adjustments, each Sewer Service User Charge shall be adjusted to reflect the annual percentage adjustment in the Consumer Price Index for all Urban Consumers (CPIU) in Los Angeles, Orange and Riverside Counties established by the U.S. Bureau of Labor Statistics and available as of July 1 of each year. The CPIU available as of July 1, for the month of May 2014, reflects an annual increase of 1.7%.

Staff is recommending that the annual adjustment be suspended for Fiscal Year 2014/15 while the City completes its reserve policy study and continues to monitor the sewer lateral program. In addition, staff is continuing with an aggressive Closed Circuit Television (CCTV) inspection program of the sewer mains located on the City's arterial and high traffic streets to identify and address pipeline and manhole defects before they become a major problem. The CCTV program and associated repairs should be accomplished within the current funding levels of the Sewer Fund.

It is recommended that no action be taken on changing the rate structure until the City Council has had the opportunity to review the reserve policy.

Attachments: Sewer Service Fund Performance Audit Fiscal Year 2013/14.

City of Huntington Beach Public Works Department Sewer Service Fund Performance Audit *Review of Fiscal Year 2013/14*

Introduction

On September 4, 2001, the Huntington Beach City Council adopted a Sewer Service User Charge and created the Sewer Service Fund. The Sewer Service Fund revenue is designated solely for the rehabilitation, replacement, repair and maintenance of City-owned sewers and lift stations. This is in accordance with the California Health and Safety Code Section 5470, and is included in the ordinance that adds Chapter 14.54 to the Huntington Beach Municipal Code. The ordinance established the Huntington Beach Public Works Commission as both the oversight committee and the final appeals board.

The Sewer Service Fund shall be subject to an annual review and performance audit by the Public Works Commission. The information presented in this report complies with Section 14.54.070 Annual Program Review. In addition, the City Council shall receive, at a regularly scheduled meeting, the recommendations of the Public Works Commission concerning fees, rates and charges proposed to be modified or added to the sewer service user charge. A public hearing on proposed charges will be held annually in conjunction with the City's annual budget process and hearing. The overall budget is estimated to be neutral and it is recommended that the Consumer Price Index (CPI) adjustment required by the Municipal Code be suspended for Fiscal Year 2014/15 and that staff monitor the volume of repairs and costs thereof.

Program Overview

- Scheduled maintenance projects and minor emergency repairs will be completed within the allotted budget.
- Closed Circuit Television Inspection and cleaning of sewer mains.
- Operations and maintenance of the City's 28 sewer lift stations.
- Capital improvements including lift station design and construction work and the sewer lining program.
- A Sewer Lateral Program was added effective January 3, 2008, and the sewer service charge was adjusted to cover the projected expenses. The program transferred the responsibility to the City for sewer lateral repairs within the City-owned right-of-way. Initially, the cost of the program exceeded the additional

revenue generated by the adjustment to the sewer service user charge. Costs for this program have decreased significantly since its inception.

- The Municipal Code states that the Consumer Price Index for Urban Consumers (CPIU) that is available July 1 shall be used to calculate adjustments to sewer service rates.
- A major void was discovered at the intersection of Brookhurst Street and Indianapolis Avenue, most likely caused by a double siphon at the Orange County Sanitation District sewer collection line. Repairs on this project lasted from February to June and cost approximately \$800,000.

Review of 2013/14 Budget

Personnel and operating expenditures account for approximately forty-five percent (45%) of the 2013/14 Sewer Service Fund budget and are directed toward preventative and routine maintenance. The budget includes salaries and benefits, sewer line maintenance, lift station services, manhole upgrades, the sewer lateral program and cost allocation charges to the General Fund. The balance of the expense budget is earmarked for capital equipment replacement and capital projects, including slip lining, pipeline rehabilitation, Closed Circuit Television (CCTV) monitoring of lines, and lift station replacement. In general, the Sewer Maintenance Section of the Utilities Division expends the operating and equipment replacement budgets, and the Engineering Division is responsible for the implementation of capital projects.

Lift Stations: Construction of the Algonquin Lift Station was completed this year. Design of the Trinidad Lift Station is expected to be finished by the end of this fiscal year. City accepted transfer of the Brightwater Lift Station from the developer of the surrounding housing project.

Sewer Lining: A construction contract for this year's Sewer Lining Project in the amount of \$250,000 will be awarded by the end of this fiscal year.

Warner Avenue Gravity Sewer (WAGS): (CC-1370) Construction of the Warner Avenue Gravity Sewer (WAGS) project was substantially completed, with work expected to finish early next fiscal year.

Sewer Replacement Project: Construction for the replacement of a portion of the sewer line in Beach Boulevard between Ellis and Slater was completed this fiscal year.

CCTV Inspection: The sewer system is inspected through the use of Closed Circuit Television inspection. A contractor was employed during this last fiscal year to video inspect portions of the sewer system's main transmission/collection lines located in the City's arterial and high traffic volume streets. City crews video inspect the residential and low traffic volume streets.

Maintenance Activities : Totals for various maintenance activities are presented below.

Sewer Line Maintenance

- Routine cleaning of 1,884,917 linear feet of sewer pipe.
- Removal of 5,700 pounds of debris/grit during routine cleaning.
- Cleaned 225 enhanced cleaning areas (areas of sewer line cleaned from two times to twelve times per year) for a total of 489,375 linear feet through June.
- Fats, Oils and Grease (FOG) program has cleaned 10,878 linear feet of sewer line around food service establishments and other areas with high grease concentrations.
- Applied root control to 24,114 linear feet of sewer line.
- Sewer lateral repair program received 223 requests for repair to date.
- Inspected via Closed Circuit Television (CCTV) 181,305 linear feet of residential sewer lines and arterial mains.

Manhole Maintenance

- Cleaned and inspected 8,707 manholes.
- Repaired and recoated 58 manholes.
- Sprayed insecticide for roaches in 256 manholes.

Sewer Lift Station Maintenance

- Inspected 28 lift stations three times a week and cleaned each station every two months.
- Cleaned 260 check valves; projected to be 348 by year's end.
- Replaced 2 check valves
- Replaced 5 gate valves.
- Disassembled and rebuilt 8 sewer pumps.
- Replaced 2 transducers.
- Cleaned 27 sewer wet wells; projected to be 32 by year's end.
- Replaced 2 cannon emergency electrical plugs.
- Painted 8 stations.
- Installed Intercom system at lift station 32.

Emergency Response

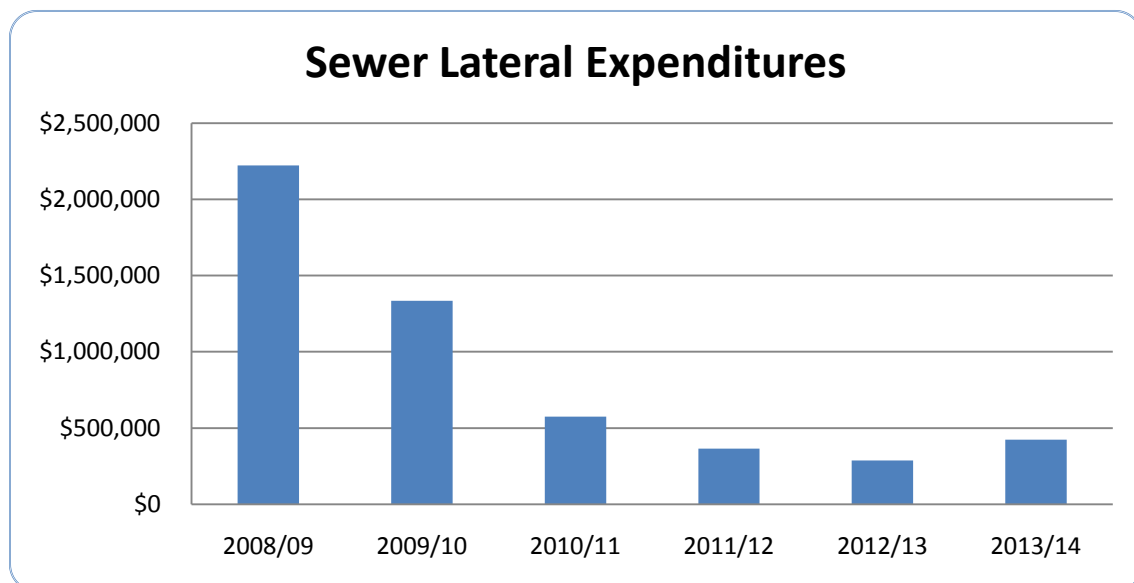
- 2 Sanitary Sewer Overflows (SSO) to date
- 34 power outages requiring the use of generators to power the lift stations.

- 291 service requests from the public during business hours.
- 65 after hours lift station alarms and failures.
- 92 after hour call outs for miscellaneous sewer related problems.
- 3 emergency sewer line point repairs.

Sewer Lateral Program

Under the Sewer Lateral Program, the City assumed responsibility for the repair of all sewer laterals from the City-owned sewer main through the public right-of-way to the private property line. The property owner remains responsible for all costs of repair and maintenance of that portion of the sewer lateral on private property. This program is response driven as all work orders are generated in response to calls from residents and businesses. Expenditures on the Sewer Lateral Program have decreased significantly since the program was initiated in Fiscal Year 2008/09.

Staff had previously budgeted for the Sewer Lateral Program based on the expenditures in the first two years of the program. However, following reductions in calls after the first three fiscal years of the program, staff reduced the budget for fiscal year 2013/14. Demand for the Sewer Lateral Program has increased in the current fiscal year, but is still within the amount budgeted by staff. Staff is recommending the fiscal year 2014/15 line-item request for the sewer lateral program remain unchanged from the current fiscal year.



*Sewer Service Fund Budget
FY 2013/14 Projected Expenditures*

Personnel	Original Budget	Revised Budget*	Projected
Salaries, Permanent	\$1,704,538	\$1,704,538	\$1,661,045
Salaries, Temporary	\$65,000	\$65,000	\$54,861
Salaries, Overtime	\$80,000	\$80,000	\$105,000
Benefits	\$987,090	\$987,090	\$938,711
Total Personnel	\$2,836,627	\$2,836,627	\$2,759,617
Operating			
Utilities	\$140,000	\$140,000	\$100,000
Equipment and Supplies	\$165,350	\$165,350	\$100,711
Repairs and Maintenance	\$1,483,000	\$1,483,000	\$1,552,378
Conferences and Training	\$4,000	\$4,000	\$2,000
Professional Services	\$125,000	\$195,692	\$195,000
Rental Expense	\$3,500	\$3,500	\$3,500
Interdepartmental Charges	\$1,244,834	\$1,244,834	\$1,244,834
Expense Allowance	\$5,800	\$5,800	\$5,800
Other Expenses	\$75,000	\$75,000	\$20,000
Total Operating	\$3,246,484	\$3,317,176	\$3,224,222
Capital			
Equipment	\$304,880	\$304,880	\$211,144
Vehicles	\$265,000	\$265,000	\$265,000
Total Capital	\$569,880	\$569,880	\$476,144
CIP			
Improvements	\$2,150,000	\$17,654,424	\$14,261,003
Total CIP	\$2,150,000	\$17,654,424	\$14,261,003
Total	\$10,782,991	\$24,378,107	\$20,720,986

*Revised Budget includes funds carried over from prior fiscal year

Beginning Balance 10/1/2012	\$29,822,178
Actual Revenues FY 12/13	\$12,197,918
Actual Expenditures FY 12/13	-\$7,185,908
Unreserved Funds Available 10/1/2013	\$34,834,188
Beginning Balance 10/1/2013	\$34,834,188
Projected Revenues FY 13/14	\$12,602,796
Projected Expenditures FY 13/14	-\$20,720,986
Unreserved Funds Available 10/1/2014	\$26,715,998

Revenue Detail		
<u>Source</u>	<u>FY 12/13</u>	<u>FY 13/14</u>
	Actual	Projected
Customer Charges	\$10,616,704	\$10,953,195
Interest	\$68,639	\$180,000
Settlements	1,500,000	1,376,839
Other	\$12,574	\$92,762
Total	\$12,197,918	\$12,602,796

Proposed FY 2014/15 Budget

Sewer Service User Charge Adjustments

In accordance with Section 14.55.030 Annual CPIU Adjustments, each Sewer Service User Charge shall be adjusted to reflect the annual percentage adjustment in Consumer Price Index for all Urban Consumers (CPIU) in Los Angeles, Orange and Riverside Counties established by the U.S. Bureau of Labor Statistics and available as of July 1 of each year. The purpose for annual adjustment of the rates is to ensure that the revenues continue to fully fund the needs of the program.

To accommodate the billing system, all service charge rates are calculated to four decimal places, and charged on a daily factor. The daily factor converts the monthly charge based on a 365-day year. This is a modification from the initially adopted rate schedule. The customer's bill reflects a charge based on the number of days between meter readings. A resolution was adopted by the City Council to authorize the daily rate methodology.

The percentage adjustment in the CPIU available as of July 1, 2014 for the month of May reflects an annual increase of 1.7%. Normally, this percentage would be calculated and included as the recommended adjustment to the Sewer Service User Charge effective October 1, 2014.

However, staff is recommending that the annual adjustment, in this case an increase, be suspended for Fiscal Year 2014/15 while the City completes its reserve policy study. Staff is continuing an aggressive Closed Circuit Television (CCTV) inspection program of the sewer mains located on the City's arterial and high traffic streets to identify defects before they become a major problem. The CCTV programs should be accomplished within the current funding levels of the Sewer Fund.

The following table shows the 1.7% increase. For purposes of comparison, the rates represent a monthly charge.

Effect of CPI Adjustment on Current Sewer Service Charge

Customer Category	Charge Type	Unit	Current Charge	With CPI Increase
Residential: Single-family & townhouses with individual meters	Flat rate for all customers in category	per unit per month	\$10.6923	\$10.8741
Apartment: All apartments, mobile homes and townhouses served by common meters	Flat rate for all customers in category	per unit per month	\$8.8693	\$9.0201
Regular Commercial/Industrial: Most businesses, including private schools	Flat rate amount per Equivalent Dwelling Unit (EDU). EDU refers to either (1) the capacity of a customer's water meter in comparison to a standard $\frac{3}{4}$ inch meter, or (2) the number of tenant units that receive water service through the water meter, whichever is greater	per EDU per month	\$12.4089	\$12.6199
High-Consumption Commercial/Industrial: Businesses with high water consumption relative to their meter size	Flat rate per hundred cubic feet (CCF) of estimated sewer discharge	per CCF per year	\$2.3219	\$2.3614
Public Schools: All public K-8 and high school districts with schools in the City	Flat rate per student per year with a different rate per student for K-8 and for high schools	High School per ADA per year	\$3.4150	\$3.4492
	ADA - Average Daily Attendance	K-8 per ADA per year	\$2.1991	\$2.2365

*Sewer Service Fund Budget
FY 2014/15 Proposed*

Personnel

Salaries, Permanent	\$1,883,250
Salaries, Temporary	\$65,000
Regular Overtime	\$80,000
Benefits	\$1,049,812

Total Personnel	\$3,078,062
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Operating

Utilities	\$110,000
Supplies	\$355,350
Repairs and Maintenance	\$1,543,000
Conferences and Training	\$3,000
Professional Services	\$500,000
Rental Expense	\$3,500
Cost Allocation	\$1,282,879
Auto Allowance	\$5,800
Contingency	\$75,000

Total Operating	\$3,878,529
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Capital

Equipment	\$372,600
Vehicles	\$588,600

Total Capital	\$961,200
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CIP (new)

Lift Station (Trinidad)	\$2,100,000
Sewer Lining	\$350,000

Total CIP	\$2,450,000
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TOTAL	10,367,791
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Revenue Detail FY 14/15

Customer Charges	\$10,300,000
Other	\$116,000

Total	\$10,416,000
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Sewer Service Fund Projected Balance Sheet

Beginning Balance 10/1/2014	\$26,715,998
Projected Revenues FY 14/15	\$10,416,000
Proposed Expenditures FY 14/15	(\$10,367,791)
Projected Beginning Balance 10/1/2015	\$26,764,207

Capital Projects FY 2014/15

Lift Stations: Construction is planned in 2014/15 for the Trinidad Lift Station. Design is scheduled for the Edgewater Lift Station.

Sewer Lining: Sewer lining in the amount of \$350,000 is programmed in FY 2014/15. A lining project is bid once a sufficient number of sewer defects are identified as part of the CCTV inspection program.